

Branding Lab project for Kiehl's / L'Oreal presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics

KIEHL'S BRAND ADVOCATES: HOW TO IDENTIFY, GROW AND KEEP THEM?

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1 INTRODUCTION

This work project was developed under the Branding field labs working projects offered by Nova School of Business & Economics, which “comprise group work with a problem solving or research approach to an empirical question to be addressed”. For this specific work project Kiehl's was the brand to be studied, analysed and to which recommendations had to be delivered. Kiehl's is part of the **L'Oreal's brand portfolio**, a house of brands group operating in the beauty and cosmetics industry. One can find Kiehl's, which belongs to the skin care category and its currently number one regarding growth & profitability for L'Oreal Luxe department (Kiehl's, 2015). Kiehl's started as **pharmacy in New York City** in 1851 and it is possible to perceive the pharmaceutical orientation on its products even after more than 150 years. This shows that it is a brand with a history and with strong heritage where the values of honesty and transparency are hardly defended. The product portfolio is **mainly composed by skin care products**: both facial and body, hair care, for women, men and babies. The efficacy of the products, which formulas result from the investment on research and innovation a brand's pillar, once it is believed that formulas are the core of the brand, **sampling is the main promotion strategy used**. Investing in traditional marketing tools, is not the strategy adopted by the Kiehl's, which relies on the efficacy of the samples and the word of mouth that is automatically generated following high consumer satisfaction.

Figure 1: Kiehl's brand exploratory. Source: Team Report



In order to differentiate the brand from the competitors, the **service offered to each individual client is totally personalized**; KCRs (beauty advisors of the brand) constitute the main point of difference, which allows Kiehl's to compete with both pharmaceutical and luxury brands. Kiehl's is built on the following **5 pillars**: **Philanthropy** – partnerships to support non-profit, charity organisations around the world; **Product Mix** – naturally derived ingredients are used to develop the products, using the minimal amount of preservatives in formula; **Public Relations and Word Of Mouth Marketing** – instead of investing in traditional advertising, marketing initiatives fully rely on PR and word spreading; **Engaging store formats** – having physical space gives consumer's the opportunity to “enter” into Kiehl's world; **Service** – Kiehl's Consumer Representatives (KCR's) are skincare experts whose knowledge and experience allows them to give recommendations that will suit concerns of each individual through skin care consultations. One of the most crucial point of difference is the balance between dermatological solutions and natural components in Kiehl's formulas therefore it is not a 100% natural brand, but a mix of selected ingredients.

1 INTRODUCTION

Kiehl's is present in the Portuguese market since August 2007, it started to be sold in Fashion Clinic Stores, but the service offered to the consumers was not aligned with the one consumers' were used to or to the positioning aimed for the brand, which led the partnership between the entities to end up. Currently, Kiehl's is available to Portuguese consumers in 2 **exclusive**¹ physical stores, one in *Chiado*, other in Colombo mall, and will launch an e-commerce platform in 2016.

¹**Exclusive physical stores** are mono branded owned by the brand, meaning that are not franchised and that only sell products from the brand it self. (Silveira, C.d., 2015)

Vision of segmentation

Once no research had ever been conducted by the brand manager, the consumer segmentation is based on assumptions, and is based on specific psychographic characteristics. They can be divided in 5 different segments:

- Good deal
- Trendy, cool, alternative NYC
- Eco Conscious
- Global shoppers
- Local International / Tourist

Regarding the demographic characteristics, the brand consumers are mainly women (80%), and 58% are aged between 21 and 50 years old (Kiehl's, 2015).

The challenge

The Team was challenged by Kiehl's management to come up with answers for three different questions that would also divide the project in phases.

1. The first and main step of the project was to understand who its consumers are – this involved understanding whereas the segmentation assumed by the brand manager was adequate;
2. The second one was to find out who are the potential consumers, and how to grow them;
3. The third and last stage was related with recommendations in how to reach the actual and potential consumers to develop the brand.

During the project, question 1 and 2 were developed simultaneously and will constitute Block A , that is mainly the research done on the brand and consumers. The 3rd phase was developed after the insights retrieved from research and will be the team's recommendations to Kiehl's – Block B.



Figure 2: Kiehl's country manager assumption on current consumer segmentation in Portugal. Source: Kiehl's

2 OBJECTIVES

One of the biggest challenges, and the Phase A of the project presented by the company was to understand who are Kiehl's consumers, which led to a research with three different steps: **(1) observations, (2) qualitative research and (3) quantitative**. During the first phase of the research it was possible to understand how do consumers behave when they are inside the brand's stores, on the second one it was possible to find out their skin care perception, consumer and purchase behaviour, and in the third stage a qualitative research was performed in order to prove what was found on Phase A.

2.1. RESEARCH MAIN INSIGHTS

One of the main insights of the research done during the project was related to the behaviour of consumers, it was possible to understand that there are some characteristics are transversal to all of them. The buyers **are in general (1) global shoppers**, meaning that they buy skin care or other types of products out of their countries' of residence, either when they travel on through online tools, in someway all of them care about ecological or social causes the well-know **(2) eco-conscious consumers**, their **(3) purchase behaviour regarding Kiehl's is not conditioned by age** has it happens in some products' categories or brands but by their income level.

Additionally it was also possible to verify that the **(4) pharmacy orientation** is something present in all of the consumers, due to the fact that 13 out of the 19 consumers interview buy cosmetics in pharmacy or either because they associate Kiehl's with the pharmaceutical roots (Team, Questionnaire, 2015). Still related with the brand the **(5) quality of the products and the relation established with the KCRs is extremely valued** by the ones purchasing Kiehl's, which is aligned with the brand's pillars of service and formulas developed. Finally consumers value **(6) the balance between the price of the products and the quality/results**, this concept of balance is the main benefit sought by the consumers.

The emerging of these insights was the starting point to segment the consumers, but if all of them behaved roughly in the same way how could they be segmented? After a deeper research that may be integrally seen in the team report appendix C it was feasible to come up with a sustainable segmentation of the consumers as the team concluded that:

“Even if the behaviour was the same what differentiate one from the others was the attitude towards the brand”.

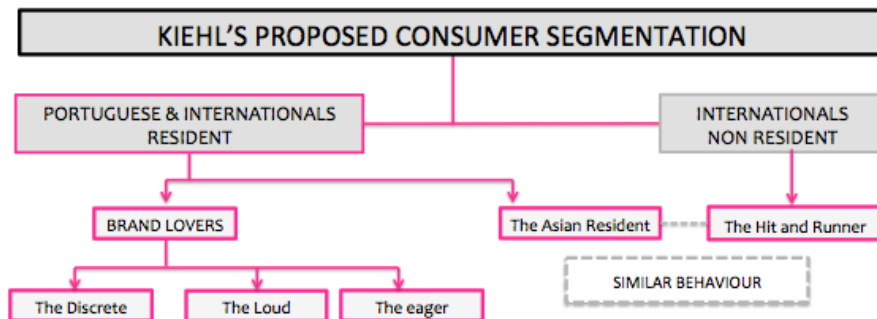
(Team, Report, 2015)

2 OBJECTIVES

The team came up with a proposed segmentation - Figure 3 - The Discrete, The Loud and The Eager belong to the Brand Lovers category, and as the Asian Residents are all either Portuguese or Internationals resident in Portugal whereas The Hit and Runners are Internationals non resident in Portugal which behaviour is similar to The Asian Residents. A better perception of the attitude each group inside the Brand Lovers category has towards Kiehl's may be consulted on the team report appendix F.3.

One could perceive from the database provided by Kiehl's and the results of the quantitative analysis done by the team, taking into consideration the characteristics associated with each of the segments previously describe (Team, Interviews, 2015), **that around 95% of consumer's belong to the categories of Brand Lovers.** Adding this to the fact that the other segments are not easy to follow, capture and thus target, the team decided to **focus only in the category of Brand Lovers.**

Figure 3: Kiehl's proposed consumer segmentation. Source: Team Report



Based on the main insights retrieved from the research done, some specific topics emerged and led to individual assignments, which aim answer particular questions and come up with recommendations for the brand. One of the topics emerged from the fact that (mainly) the Loud ones like to talk about Kiehl's and act like "love spreaders". Additionally during the qualitative research it was found out that around 31% of the total consumers were brought to the brand due to friends or family recommendations (Team, Questionnaire, 2015), which lead the analysis to an important subject discussed nowadays and that will be the incidence of this individual thesis: brand advocates, as it is one of the biggest opportunities owned currently by Kiehl's and it is aligned with the strategy followed by the brand that only recurs to non-paid advertising resources.

Said so, and in order to come up with recommendations that will allow the brand to better reach their consumers, this individual assignment done within the Branding Lab work project will aim to answer to the question:

"Kiehl's Brand Advocates: how to identify, grow and keep them?"

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FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.1. METHODOLOGY

3.1.1. TEAM WORK METHODOLOGY

As formerly described in the introduction, the team had to solve a management challenge presented by Kiehl's brand manager in Portugal, and it was constituted by 3 different stages, the first one was to understand who currently buys Kiehl's products in Portugal, the second one who are the potential consumers and the third and last one how to reach them. **Based on the questions the team determined the research methodology and project design that would better suit the needs for the outcomes desired** based on the available resources.

In order to answer to the first challenge – Who buys Kiehl's today in Portugal? – it was indispensable for the team to have a better understanding on the brand, so a qualitative research was undertaken based on the analysis of Kiehl's briefing provided by the company plus secondary data available both on the brand and on the skin care market. After getting a deeper understanding on the fundamental constituents of the brand, the team collected primary data based, firstly on in-store the, followed by in-depth interviews and finally the analysis of Kiehl's consumer database.

3.1.1.1. Observations

The observations were made through store shadowing, unstructured, natural and disguised personal one to understand people's behaviour while buying Kiehl's products, it was used an observation grid that was built based on the inputs of the conversations had with KCRs and the primary researches so it would be easier to register the behaviours – it is possible to check the analysis grid on the team report appendix B.1.. During this phase of the research, the team observed 76 people who entered stores, 46 in *Colombo* and 30 in *Chiado*, during a total of 39 hours spread by 14 different days. To data collected was previously uploaded into the online analytical tool *Qualtrics* in order to make a complete analysis with crossed information and representative graphics, the complete analysis of the observations may be consulted from the appendix B.2. to B.18.

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FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.1. METHODOLOGY

3.1.1.2. Interviews

Based on the observations performed it was further possible to understand how do consumers behave and the most important factors in which the in-depth interviews should focus so that the outcome would allow the team to solve the management challenge present by Kiehl's. A total of 19 with Kiehl's consumers (2 man and 17 women) were interviewed in an informal space during an average of 45 minutes accompanied by data transcription, and answered to the opened question: "could you please describe me your skin care daily routine?" in order to understand how it is their personal and purchasing behaviour when it comes to skin care and an additional question "could you please talk about yourself and hobbies" in order to realize who they are and if there were any common characteristics. In order to analyse the outcome of the interviews, some topics were chosen in order to conduct a frequency and pattern analysis, previously the data was organized in a structured excel grid and by the use of a colour code and sample characterization each individual interview was studied and the outcomes are included in the team final report, in order to check the interview guide, the analysis and the conclusions check the appendix C – Interviews.

3.1.1.3. Kiehl's Consumer data base analysis

Simultaneously to the qualitative research, the team did the first quantitative research based on the analysis of the database provided by Kiehl's. The 6153 consumers, who were firstly divided by store and afterwards by type of consumer, constituted the database. The type of consumer by the team in this first stage followed the one used by the brand while analysing the database: the Regular Consumer (n=1830) – buys Kiehl's products more than twice a year consumers; the Consumer Number 2 (n=739) – buys Kiehl's products twice a year; the New Consumer (n=1320) – buys Kiehl's products once a year and finally the Sleeping Consumer (n=2264) – has not bought a Kiehl's product for more than 1 year (Kiehl's, 2015). The outcome of these analyses was a proposed consumer segmentation, which base were the six main insights present in the team report.

3

FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.1. METHODOLOGY

3.1.1.4. The questionnaire

After the qualitative research, the first phase of the team work project, a quantitative research was conducted in the form of a structured questionnaire. The questionnaire was designed by the team in order to quantify the size of each proposed consumer segmentation constituent in Portugal, and to confirm the 6 main insights from qualitative research. The questions were in a pre-arranged order with fixed-alternative questions and a pre-determined set of answers, these were sent to Kiehl's consumers through email by Kiehl's marketing team. In total there were 140 complete answers, of which: 86% were women and 14% man; 92% were Portuguese consumers resident in Portugal; the age range was 36% between 25-34 years old and 35% between 35-44 years old; and the monthly household income with more weight was between 1000€ and 2000€ with 36%.

After the research the team studied the path to recommendations, meaning, how to make the bridge between the main insights gathered in the first phase of research plus the second phase results. Having a target, the Brand Lovers, there was the need to access how to reach them. At this stage the team divided the research in 5 main parts that lead to the final recommendations.

3.1.2. INDIVIDUAL ASSIGNMENT METHODOLOGY

In order to develop on the topic of this individual assignment: “Kiehl's Brand Advocates: How to identify, grow and keep them?” there was the need to make a deeper research on the subject.

As brand advocates may be considered type of marketing tool some authors such as: Kapferer, Porter and Kotler were studied once during their publication they developed on the marketing and branding fields along. Furthermore studies and models from private companies namely Nielsen, McKinsey and Deloitte were also used as a source of information.

Finally, the book *Brand Advocates: Turning Enthusiastic consumers into a Powerful Marketing tool* by Rob Fuggetta was the main source of research as it the “Ultimate Guide to Brand Advocacy” and the author was one of ones who contribute the most for the subject. With the use of the book it was aimed to understand if Kiehl's owned what is was needed to create a Brand Advocacy army and what which actions should the brand undertake in order to succeed in using this type of marketing tool.

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.2. THE INFLUENCERS

As it is known, all human beings are social active; since the early ages the relationship among individual was crucial to the hunting activities, groups started to form and there was always one of the members who stood out. The one who was in charge of setting the rules and giving advice, one could actually say that the leader was the influencer. Afterwards, in the communities people used to trust some of the neighbours or even the mayor of the city more than the others due to their importance or role inside of the community itself. With the appearance of the radio, newspapers and further television people started to listen to the opinion of the celebrities who seemed to have the perfect life, the impact of the “leaders” was becoming even stronger as the reach of the channels was increasing.

With the appearance of Internet and more recently Social Media the reach of an opinion become gigantic. Even without leaving their houses and with just one click it is possible to reach millions of people, spreading the word lost the boundaries people don't share their opinion only with their neighbours or members of community anymore, with a post their opinion may reach someone in the other side of the globe. One may see this as something positive for companies once it is also easier to reach their target consumers, however the amount of information being spread reached out-of-this-world numbers billions of information megabytes are uploaded to the Internet everyday.

The attention given to posts started decreasing with the increasing number of posts, ads or other types of communication. And suddenly we assisted to a paradigm shift – consumers started to trust their closer relationships more than any other source of information, actually **92% around trust earned media, such as recommendations from friends and family, above all other forms of advertising** (Nielsen, 2012).

Friends & Family

The opinion of someone who individuals trust in or seen as a role model is able to have an influence on their behaviours, attitudes and opinion, said so brands see them as potential sources of information spread once their influence in the market place is disproportionate. The ones with the power to do it are called **influencers** and according to the Word of Mouth Marketing Association they are **“a person or group of people who possess greater than average potential to influence due to attributes such as frequency of communication, personal persuasiveness or size of and centrality to a social network, among others”**. These influencers have different attributes; some of them have a bigger **reaching** power, others may be more **credible** and some of them are just more **repetitive** when spreading the word.

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FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.2. THE INFLUENCERS

3.2.1 TYPES OF INFLUENCERS

Hence, according to the Word of Mouth Marketing Association there are 5 types of influencers: advocates, ambassadors, citizen influencers, professional/occupational influencers and celebrity influencers.

- The **advocates** even without any type of formal affiliation to brands or getting paid by are the ones who support the brand, its products and/or services just because they actually believe in it;
- The **ambassador** is someone chose by the brand to support it, to promote it and represent it, either a celebrity or just a perfectly normal citizen with capability to influence others opinion;
- The **citizen** is also a type of influencer, usually with a large number of people on his or hers social network who perceive them as role models and follow their advices or actions;
- The **professional / occupational** and as already stated, is an opinion maker whose knowledge was retrieved from specialized activities in a certain subject and so he or she has the capability to influence individuals either by instructing them or having an higher level in the professional hierarchy than they do;
- The **celebrities** which identity is recognized and fascinates the public, this type of influencer has an extremely huge reaching power specially driven by the social networks and their followers' curiosity.

As one can understand one specific individual may belong to more than one category of influencers, for instance a mother with the capability of influencing her subordinates at the workplace a reflection of the position headed (**Professional**), furthermore she writes on her blog about the brands she uses and how good they are (**Advocate**). As a consequence there are profiles of influencers which are more suitable to certain industries, product categories and brands, an expert in cars is able to influence the opinion of people interested in these product category whereas a celebrity even if not an expert in the category may be an added value to a brand due to the reaching power owned.

3.2.2. KIEHL'S INFLUENCERS

As it was stated in the Introduction, one of the main key differentiators when it comes to Kiehl's is related to its marketing communication strategies: "the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell" (Kotler & Keller, 2012). And Kiehl's does it in a very specific and one may say special way, whereas the vast majority of companies nowadays focus on advertising and sales promotion, the main constituents of the American brand marketing communication mix are Events and Experiences, Public Relations and Publicity and sampling as a sales promotion tool.

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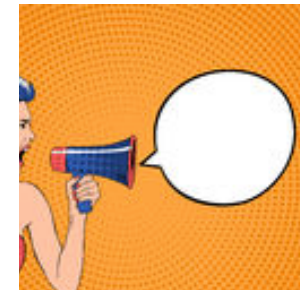
FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.2. THE INFLUENCERS

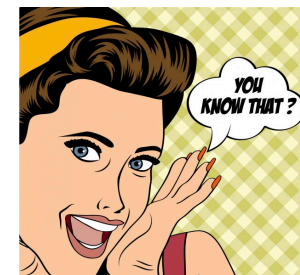
As one of the main pillars of the brand is not to pay for advertising but to trust on the products efficacy and formulas developed (Kiehl's, 2015), its marketing communication tools perfectly fit the strategy followed, making all the communication around the brand very consistent and transparent. Said so **Kiehl's invests the majority of its communication budget on sales promotion**, as sampling "with no fear" is upon its core values, **additionally personal communication channels are also extremely used**, once by having a well-trained team of KCR who work almost as PR and brand ambassadors the brand is able to spread the word on its products and history, without the need to communicate to the mass but focusing on its target.

PR at Kiehl's is done, as all the other communication strategies, in a non-paid way, thus instead of using influencers who need to be paid, the company relies on ambassadors worldwide (Kiehl's, 2015), from their employees, to bloggers and even celebrities who love the brand and are willing to talk about it in exchange for training or products. **By using Ambassadors Kiehl's is able to** extend its reaching power and build a large audience, have an opinion maker as a partner, and having a high impact. However, the brand should also be using a powerful marketing tool that is being neglected: The **Brand Advocates**, by doing **so the brand would be cable of** building a long-term positive word-of-mouth, prioritizing referrals and keeping expenses low (Tap Influence, 2015).

As during the research performed and **taking into consideration the core values of the brand, its potential and the relationship built with consumers along the years**, building an army of Brand Advocates is the main recommendation of this assignment. And how can Kiehl's do it? This subject will be further developed on topic 3.3., where the concept of Brand Advocate will be deeply explained and strategies in how to enhance this marketing force will be presented.



BRAND AMBASSADORS



BRAND ADVOCATES

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

Taking into consideration the type of communication strategy followed by Kiehl's – mainly focus on PR and not paying to advertise the brand due to the trust on products' quality – and the specific kind of consumers acquired along the years – who love the brand and like to talk about it – it is mandatory to focus on the category of Influencers who are Brand Advocates as mentioned before.

This decision was undertaken once from the qualitative research – interviews – done it was possible to understand that roughly **27% of Kiehl's consumers are potential brand advocates** (Team, Interviews, 2015), and as according to Edelman in the Harvard Business Review article: “Branding in the Digital Age: You're spending your money in the all the wrong places” **companies are advised to spend money in the consumer decision journey steps, including advocacy**, instead of traditional marketing tools. This specific affirmation takes us to the consumer decision journey report that is composed by 4 steps: Initial-consideration, Active Evaluation, Moment of Purchase and the Post Purchase Experience that includes the loyalty loop. The last step is gaining more importance for the companies in the past years, one could not say that it is the most important one as consumers need to know the brand in order to take it into consideration but it crucial to enhance the fact that **around 60% of the skin care products' consumers share their experience online** after purchasing (McKinsey, 2009).

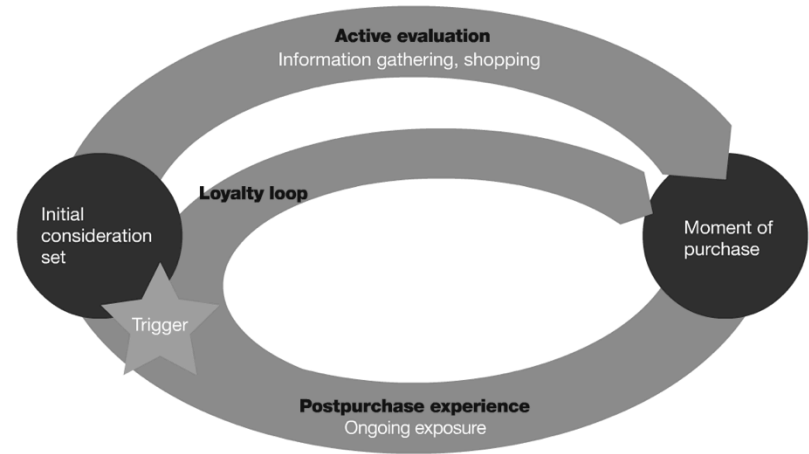


Figure 4: Consumer Decision Loop. Source: McKinsey, 2009

It turns out that the Post Purchase experience is trampoline to **spread the word on the brand and thus make more people aware of it**. The Active Evaluation step used to be mainly driven by push-style communications done by companies, however with the growing distrust on marketing performed by brands it opened a gap for a new source of information and thus marketing activities, such as reviews done online and friends and family recommendations as well as in-store interactions and recollections of past experiences become the main driver of the Active Evaluation. One can then understand **that having a sustainable Advocacy force is crucial for a company operating in the nowadays in the skin care market to have success**.

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

This information was reinforced once during the interviews done for the qualitative research of the Brand Field Lab, the advocacy value of the brand's advocates emerged when the following sentences were stated while interviewees were talking about the way they got in touch with Kiehl's: "The first time was 4 years ago, a friend of mine told me he loved this brand. Basically word of mouth marketing made me go to the store and have my skin consultation." (I.2); "Recommendation from a friend, basically "Word of mouth" marketing!" (I.5); "my friends told me to buy Kiehl's" (I.7); "From my daughter who always knows the best brands and best skin care products!" (I.11); and one could continue with the citations as 13 out of the 19 interviewees started using Kiehl's due to recommendations friends (Team, Interviews, 2015).

This was **strengthened after the results of the questionnaires**, excluding the consumers who use Kiehl's for more than 8 years got in touch with it when they entered a store, which means that it was not in Portugal due to the fact that the first store open 8 years ago, from the rest of the respondents 31% said that they got in touch with the brand due to friends or family recommendations and this counts for the most stated option (Team, Questionnaire, 2015). Meaning that **Kiehl's is getting to people and attracting new consumers mostly due to Word of Mouth**, to its Brand Advocates who continuously express their love towards the brand and its products.

3.3.1. IDENTIFYING BRAND ADVOCATES

The first step while developing a strategic marketing approach based on brand advocates is to identify who they are, and this process must be continuously repeated as consumers' behaviours are always changing. But, how can one do it? According to Rob Fuggetta on his book it is possible to identify Advocates in three different ways:

- i) ask them the Ultimate Question for consumer loyalty "how likely are you to recommend us? (on a scale of 0 to 10)" – the ones answering 9 and 10 are definitely brand advocates;
- ii) listen to them, track and monitor their online behaviours on social channel;
- iii) observe their behaviour, if a consumers is bringing friends and family to you, or demonstrating his / hers love towards the brand on the internet, you have more advocates.

By sending e-mails, using a banner on the website and / or including the Ultimate Question in the physical point of sale companies are able to identify their Brand Advocates, but this is not the only tool to understand from the total amount of clients who are the ones that actually contribute to sales and revenue. And why should one say this?

3

FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

According to the report: *A new breed of brand advocates, their value to a company is 5 times higher than the one from a regular consumer.* The first part is related to the spending value that usually is twice higher than the regular consumers, and the second one to the potential referrals that may turn out to be purchased and that have three times more value than the spending of a regular consumer (Deloitte, 2010).

It is hence also possible to identify a company's Brand Advocates by the amount of spending when compared to the average consumer, and some of them spend even more than twice as much as the average consumer. Furthermore and developing on the advocacy value of this specific type of consumer, one can understand that by bringing friends, family and followers to try a brand will definitely end up to increase its revenues. And how do advocates do it? They are so in love with a product or a brand in general that it becomes part of their daily conversations, every time the topic is related with the market in which the brand operates advocates will bring the name to the table, they will enthusiastically talk about, give testimonials and recommend a certain product that based on their knowledge of the brand would definitely meet someone's needs.

But with the development of social networks, as already explained, Brand Advocates are not only sharing their opinion with their friends and family or even followers in their personal pages; they are also liking, sharing and commenting posts from the brand; rating its products online and writing positive reviews; helping other consumers who find any problem and defend the brand image and reputation from detractors. What is the price of this? It is priceless, and the best of it, it is for free.

However even if valuable, and going back to what was already said, not all of the brand advocates have the same value, and this depends on their: reaching power, frequency and influence. So brands should give advocates tools so they can grow, increase their value and thus revenues, this topic will be further developed on the recommendations to Kiehl's chapter.

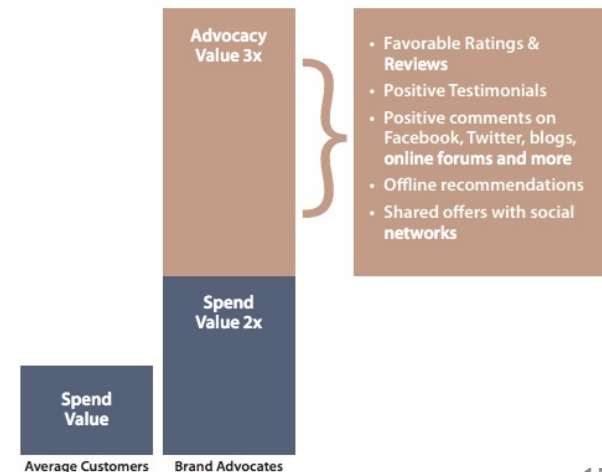


Figure 5: Average consumer versus Brand Advocates Spending. Source: Deloitte, 2010

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

3.3.1.1 Kiehl's brand advocates

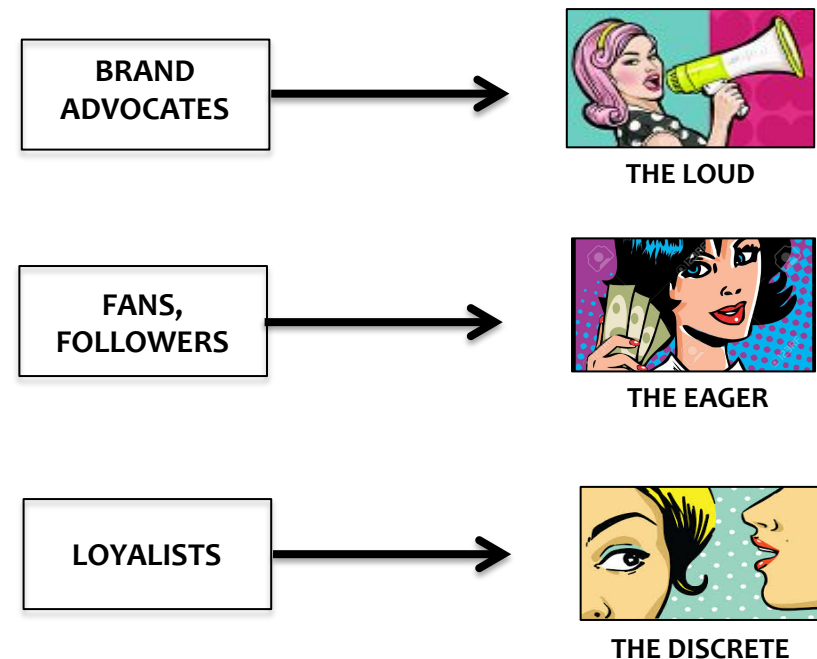
In order to understand who are Kiehl's Brand Advocates, the first step was to understand if with the proposed segmentation recommended by the team and each general description it was possible to make a comparison with the types of consumers' segments stated by Robert Fugetta. According to the author there are four types of consumers, Brand Advocates, Fans/Followers, Loyalists and Community Members, all of the four with different behaviors and motivated by diverse key factors.

- **Brand Advocates** are the ones who recommend company products or services with the aim to help other, spread the love and the qualities of the Brand.
- **Fans / Followers** are the ones who usually follow the brand on social networks just to be updated on the discounts and promotions offered.
- **Loyalists** purchase more frequently mainly due to savings and convenience, and finally the community members ask and answer technical and other questions with the objective to learn more.

As mentioned before the team mainly focused its research and recommendations on the Brand Lovers, and their behaviors and attitudes towards Kiehl's fit perfectly Fugetta's categories as it will be explained further in more detail.

SEGMENT	DEFINING BEHAVIOR	KEY MOTIVATION
BRAND ADVOCATES	Recommend your company, brand products or services	Help others
FANS, FOLLOWERS	Like your Facebook page or follow you on Twitter	Get discounts
LOYALISTS	Purchase frequently	Savings, convenience
COMMUNITY MEMBERS	Ask and answer technical and other questions	Learn

Table 1: What is different about brand advocates?. Source: Rob Fuggeta – Brand Advocates

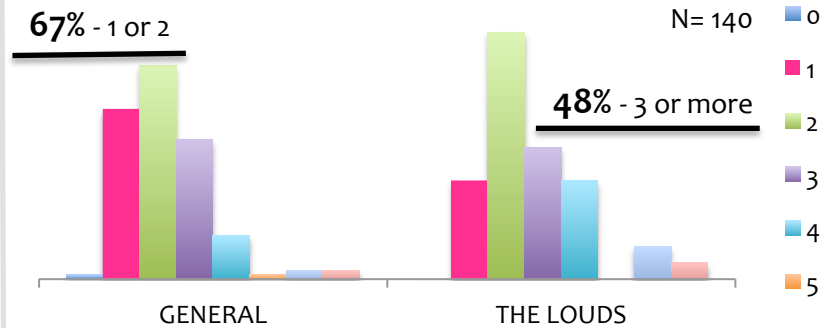


3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

i) **The Loud** are undoubtedly Kiehl's Brand Advocates as they not only purchase frequently but talk about the brand with their friends and families with enthusiasm. And how could one perceive it? The team used a sentence in the questionnaire to understand each individual attitude towards Kiehl's, and from the total amount of The Louds 48% choose the option: *"I love the brand and like to spread the word about it with my friends or through social media"* (Team, Questionnaire, 2015), which meets the definition of Brand Advocate given by Fuggetta. However by itself, the choice of this question would not be enough to say that they are indeed Brand Advocates, and thus a deeper analysis was done regarding the average spending of The Loud segment when compared to the regular consumer. Said so, it was possible to conclude that **48% of The Loud will buy 3 or more products** whenever they visit Kiehl's stores, when compared to the general consumers from, **which 67% mainly buy 1 or 2** (Team, Questionnaire, 2015). The values are even more unequal and evident when it comes to the frequency of purchase, as **45% of The Loud ones** buy in the brand's stores **4 or more times per year** while the vast majority – **77% - of the regular consumer will only do it 3 or less times** during the same period of time (Team, Questionnaire, 2015). Summing up, it is possible to perceive that **The Loud segment buys more and more often than the regular consumer**, and thus their spending value is higher than the average.

Figure 6: # of products bought per purchase at Kiehl's. Source: Team Questionnaires



The brand may immediately identify their Brand Advocates from its Facebook page report as the consumers who have more interactions with the Brand, in the report that dates from January to October 2015 it was possible to identify the top 10 users and thus potential Brand Advocates.

PESSOAS MAIS ENVOLVIDAS		
	Nome	Interações
1.º	Maria João Ramires	177
2.º	Maria Miguel	86
3.º	Helena Mangas	73
4.º	Mário Rui Dias	73
5.º	Maria Helena Zacarias	57
6.º	Dulce Crespo	53
7.º	Pedro S Bello	53
8.º	Teresa Graça	49
9.º	João Barros	47
10.º	Carla Longobardo	47

Figure 7: More interactive users from Kiehl's Facebook. Source: Facebook Report – Kiehl's

As it is possible to perceive this the most valuable segment for Kiehl's, due to their spending value and to the word of mouth that emerges from their recommendations and reviews.

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

ii) **The Discrete** are the Loyalists, the ones who purchase more frequently than the others but they already do it as an habit the brand became part of their daily life and routine, they won't change it for another one easily but at the same time they don't talk about it as frequently as they used to do, it is almost like a passion that turned into love and needs to be shacked off. From the questionnaires done by the team along the research performed, it was possible to verify that 30% of the Discrete choose the option: *"I love the brand and have been using it for a long time however I rarely speak about it"* (Team, Questionnaire, 2015), and thus it was almost viable to perceive that they are the loyalists.

As it already happened in the previous segment analysis, saying that this group was the Loyalists just because they choose a sentence to determine their attitude towards Kiehl's wasn't enough. Said so it was mandatory to verify if the purchase behavior and relation with the brand was aligned with the definition of Fuggetta on his book.

Considering the purchase behavior **81% of The Discrete have been using the brand for 3 or more years**, while the general data showed that **47% of the regular consumers are only using it for less than 3** (Team, Questionnaire, 2015).

This shows that the discrete may be considered loyal to Kiehl's as they use its products for a long time, the same cannot be said regarding the general consumers as they don't use the brand for a significant amount of years and it may be just a trend.

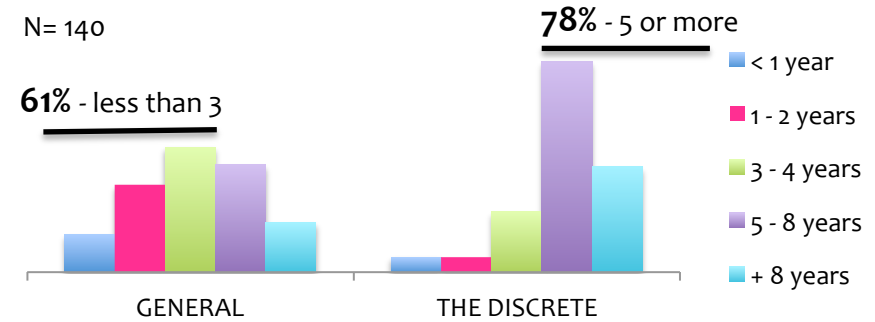


Figure 8: # of years knowing Kiehl's. Source: Team Questionnaires

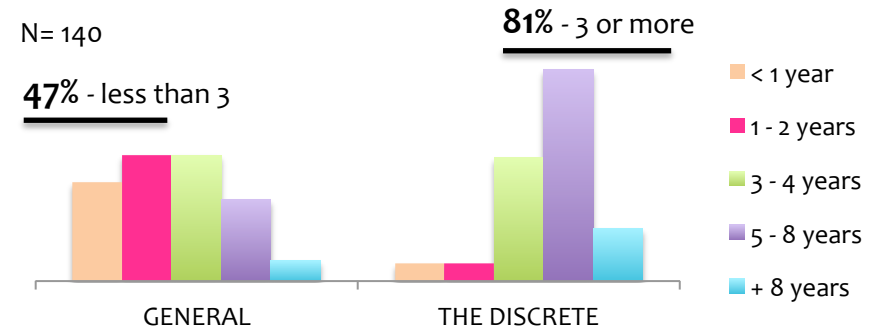


Figure 9: # of years using Kiehl's. Source: Team Questionnaires

Regarding the number of years knowing Kiehl's this is also the segment who does it for longer. The majority of The Discrete know the American brand for more than 5 years, and 26% knew it even before it was present in Portugal.

To sum up, the value of this segment is related with their loyalty towards Kiehl's, and the trend is for them to continue to purchase its products, and thus **they just need to be transformed into Brand Advocates** as currently they are not spreading the word as they could do.

3 FURTHER INSIGHTS AND RESEARCH TO ADDRESS THE INDIVIDUAL ASSIGNMENT

3.3. BRAND ADVOCATES

iii) The EAGER are the Fans / Followers, and it doesn't mean that they don't love the brand or don't talk about it, but currently and taking into consideration their income level they mainly look for discounts to be able to purchase Kiehl's products. This was possible to perceive as **100% of them said that "I would buy more of Kiehl's products if I had a bigger budget or if there were promotions more often"** (Team, Questionnaire, 2015).

This specific affirmation was proved with the results of the questionnaires as **The Eager value the promotions more than anything else in the brand**, even when compared to the other segments. While analysing the rest of the Brand Lovers it was possible to verify that **The Loud value the Knowledge and expertise of the KCRs** more than the other features, while **The Discrete are more attracted by the Formulas** developed by the brand (Team, Questionnaire, 2015).

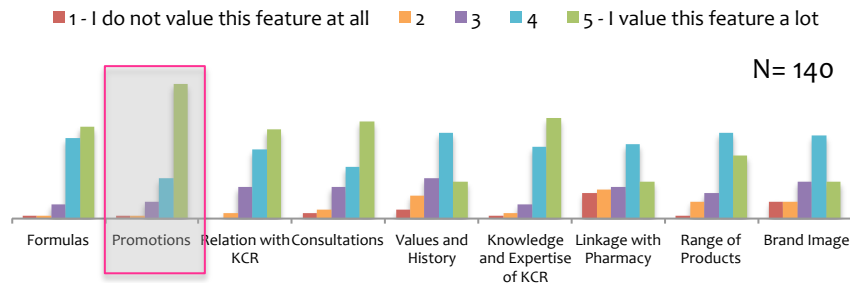


Figure 10: The Eager, Kiehl's features' rating in a scale from 1 to 5. Source: Team Questionnaires

One could conclude from the research done, that this segment has the potential to become either a Loud or a Discrete, as their income situation is just a provisional phase in their lives, due to the fact that they are still studying or to the crisis felt in Portugal for the last years (Team, Interviews, 2015).

Once the bridge between Kiehl's segments and the type of consumer identified by Rob Fuggetta was done, it was possible to verify that the brand may act in different ways in order to turn their consumers into a marketing tool, said so in the next chapter, recommendations to Kiehl's, will be given in order to overcome the management challenge identified in the beginning of the project.

- The Eager & The Discrete – How to turn them into Brand Advocates
- All segments – How to grow and keep them

4 RECOMMENDATIONS TO KIEHL'S

4.1 HOW TO TURN OTHER BRAND LOVERS INTO BRAND ADVOCATES?

Even if loving the brand, the products and its History, The Discrete and The Eager don't behave in the same way that The Louds do. Either they have been purchasing Kiehl's for a long time or are eager to buy more of its products, **but when it comes to advocate the brand their behavior is completely different** than the way The Louds are spreading the word, talking about the brand and its products with their friends and family, buying more and more often due to the passion felt. **But how might Kiehl's turn the "sleeping" advocates into a marketing tool?** According to the author Rob Fuggetta in order to create more brand advocates a brand must provide their consumer with great products; the service inside stores needs to be memorable; the brand must focus on the good profits, the ones that are not driven by price gouging or cuts on the consumer service; it must behave in a good way, meaning doing the right thing even if the costs associated are higher and finally act in a social conscious way.

As it is possible to perceive from the constituent pillars of Kiehl's presented on Chapter 1 – Introduction – that **the brand is acting in the proper way to have an army of Brand Advocates**, yet this was not enough to turn all the segments into a marketing force, and why do some of the Brand Lovers behave as Advocates and others don't?

The Loud is a segment that may be considered as proactive and this was proven by the fact that 30% of them are self-employed (Team, Questionnaire, 2015), entrepreneurs "people who set up a business or businesses, taking on financial risks in the hope of profit".

Advocating a brand is almost like setting up a business as it comes with many risks associated, not financial, but social ones. What if someone is advocating a brand, spreading the word and advising their friends and family to use it and afterwards a huge scandal emerges related with the brand? Or the products end up to be not as good as the advocate was saying? It's their one credibility that is on gamble.

Kiehl's should then opt to engage its consumers in a way that they don't feel "afraid" of putting their effort in sharing their love towards the brand or even in showing that advocates are extremely valued by the company and thus The Discrete and The Eager would feel interested and motivated by belonging to the army of Brand Advocates and acting on behalf of Kiehl's.

As it is believed that in some way both of the previously mentioned segments are "emerging" Brand Advocates, recommendations regarding the way to turn them into real Brand Advocates will be further developed in the next sub-Chapter: *How to grow brand advocates?*

4 RECOMMENDATIONS TO KIEHL'S

4.2 HOW TO GROW BRAND ADVOCATES

As previously explained, some of the advocates don't have (even) a more important role for the company only because they don't own the proper tools to spread the word, the love, and to be "real" Advocates. But how to do it?

By empowering them to share their stories, reviews and even offers given by the company, advocates keep spreading the word on social networks. Incentivising advocates and potential ones to spread the word can be done by simply sharing content on the social networks and kindly ask them to share. But is it enough? No. Advocates may share the posts from the brand, but mainly they would try to make people follow their interests, in order to convert them into brand users, and to do so Kiehl's should create more posts with their best consumers stories, share their products reviews and even create "give away" campaigns so that advocates can increase the brand awareness and interest. As one can perceive from the Omgagement report on Kiehl's Facebook, the posts that followers interact the most with are promotional ones, either to increase the number of *likes* on the page or promotions offered by the brand on their page, the last ones are even seen as one of the strengths due to the fact that become viral on the social network (Omgagement, 2015). Keep the advocates interested in sharing the social networks contents by providing them with posts that they are willing to spread among their network is one of the best tools that Kiehl's can use in order to grow their advocates.

Another fact that was mentioned before is related with the risk taken by advocates while "promoting" a brand. It is important for them to feel that all of the brands they are acting on behalf are concerned with good causes, even though one of Kiehl's pillars is Philanthropy it is crucial for the advocates to feel part of the actions undertaken in order to perceive their true value. One of the most successful campaigns performed by the brand in Portugal was the partnership with the association "Operação Nariz Vermelho", besides creating an holiday event to support the ones belonging to the association Kiehl's created clown noses to be sold in the stores and which money would be delivered to the "Operação". But how can the brand grow their advocates with the Philanthropy? By being part of the events brand advocates would feel engaged with the brand and furthermore understand their main values and aspirations, while connecting with the associations and causes supported by Kiehl's, its own advocates would feel less afraid to share the love as they would be part of the initiatives.

To sum up, in order to grow its advocates Kiehl's must make them feel part of the brand, engage them in the actions undertaken and make sure that they feel that are helping not only the brand but something in which they believe.

4 RECOMMENDATIONS TO KIEHL'S

4.3 HOW TO KEEP BRAND ADVOCATES

As one could perceive, it will not be hard for Kiehl's to identify either grow its advocates, however the most difficult part will be to keep them engaged and in love with the brand so that they won't take a step further in Kiehl's consumer cycle and become one of The Discrete. But how can the brand do that? By rewarding its Brand Advocates, with everything except money (Advocates don't appreciate to be paid, and it won't buy real advocacy).

In order to reward its new advocacy army Kiehl's needs to engage them in a special way:

- (i) giving advocates **insights on new products before all other consumers** will increase the shares, the reviews and the buzz on social networks that will benefit the brand to succeed in the sales and please the advocates;
- (ii) creating **events just for Advocates** will make them feel special and have the opportunity to engage them with products, values and history of the brand – events where it is possible for them to share their experiences and leave testimonials that may formerly be shared on social networks;
- (iii) providing their advocates with **special offers so that they may share with their friends** and network not only on social networks but also on their daily life;

(iv) implementing a **gamification program** would enhance the probability of increasing sales, meaning, for each friend brought to the brand and for their spending, advocates would earn points. In order for Advocates to keep track of the impact they had on the brand the main recommendation to Kiehl's is to create a **“brand advocacy platform”** connected with the loyalty card program. Within this platform each Advocate would have their individual page in which it will be possible for them to consult the amount of points gathered, the number of friends brought and many other functionalities such as: top reviews done, comments with more likes, how many times they were able to help other consumers and so on.

(v) the Advocates with better performance should be honoured, meaning the ones who added more value to the company, – either with titles: “The Advocate of the month”, “The Advocate that helps”, “The Advocate who brings”, or with products.

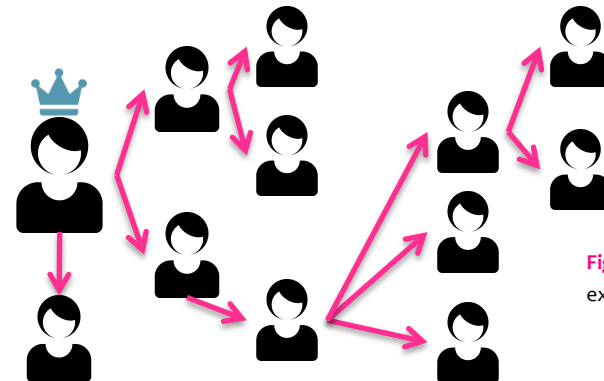


Figure 11: Gamification example

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